

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05  
EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03  
LAB-04 SIL-01 DODE-00 PA-01 PRS-01 L-03 H-01  
IO-13 AGRE-00 /102 W  
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R 151330Z JUL 77  
FM AMEMBASSY GEORGETOWN  
TO SECSTATE WASHDC 4926  
INFO AMEMBASSY PORT OF SPAIN

C O N F I D E N T I A L GEORGETOWN 1541

E.O. 11652: GDS  
TAGS: ECON, EAID, GN  
SUBJECT: GUYANA'S CONTINUING QUEST FOR AID

SUMMARY: OPPOSITION NEWSPAPER HERE HAS HEADLINED  
REPORT FROM TRINIDAD AND TOBAGO OF GUYANA'S REQUEST  
FOR \$100 MILLION LOAN FOR BALANCE OF PAYMENTS SUPPORT.  
GUYANESE AMBASSADOR TO US MADE LATEST OVERTURE TO  
GOTT, WHICH WAS INTENDED AS LOW-KEY INFORMAL APPROACH.  
GUYANA'S ECONOMIC PROBLEMS, BROUGHT ABOUT BY FOREIGN  
EXCHANGE CRISIS, APPEAR TO BE WORSENING. END SUMMARY

1. OPPOSITION NEWSPAPER, THE MIRROR, PUBLISHED BY  
PEOPLE'S PROGRESSIVE PARTY (PPP), CARRIED REPORT ON  
JULY 8 THAT GUYANA HAD URGENTLY REQUESTED \$100 MILLION  
LOAN (TRINIDAD AND TOBAGO DOLLARS) FROM GOVERNMENT OF  
TRINIDAD AND TOBAGO. ARTICLE QUOTED REPORT IN THE  
TRINIDAD GUARDIAN THAT GOTT PRIME MINISTER WILLIAMS  
MET TWICE OVER LAT WEEKEND WITH FOUR OF HIS KEY  
MINISTERS TO CONSIDER THE REQUEST. TRINIDAD  
GUARDIAN REPORT AND ALSO NEWS ITEM HEARD HERE ON  
RADIO ANTILLES NOTE THAT MEETINGS FOLLOWED TWO  
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REQUESTS FROM GUYANA FOR HELP, THIS LATEST BEING  
AN APPROACH FROM AMBASSADOR TO US LAURENCE MANN  
LAST WEEK. MANN REPORTEDLY TOLD WILLIAMS AND  
MINISTERS THAT GOG FACES BANKRUPTCY BY END OF AUGUST  
UNLESS SOME SORT OF FINANCIAL ASSISTANCE IS FORTHCOMING.

2. WITH CONTINUED ABSENCE OF MAJOR FINANCIAL ASSISTANCE

FROM ABROAD, GUYANA'S FOREIGN EXCHANGE POSITION REMAINS CRITICAL. INABILITY TO IMPORT NEEDED MATERIALS AND SUPPLIES HAS PLACED LARGE NUMBER OF LOCAL PRIVATE AND STATE BUSINESSES, SOME OF WHICH ARE THEMSELVES FOREIGN EXCHANGE EARNERS, IN FISCAL CRISES. SOME GUYANA MANUFACTURERS ARE TALKING OF SIZABLE LAYOFFS AND POSSIBLE SHUTDOWNS. THOSE WITH THE LARGEST POTENTIAL IMPACT TO THE ECONOMY INCLUDE A NUMBER OF GARMENT MAKERS AND FOOD PROCESSING PLANTS, WHICH EMPLOY SIGNIFICANT NUMBERS OF WORKERS, AND SEVERAL OF WHICH ARE NET CARICOM EXPORTERS. WINDSOR SHIRT FACTORY, FOR EXAMPLE, WHICH EMPLOYS 90, REPORTEDLY WILL HAVE TO STOP PRODUCTION IN SIX WEEKS IF IT CANNOT IMPORT MORE SUPPLIES.

3. NEGOTIATIONS ARE UNDERWAY FOR MINOR RELIEF FROM THE FOREIGN EXCHANGE SQUEEZE. LOCAL MANAGER OF CHASE MANHATTAN BANK HAS ENGINEERED AN OFF-SHORE TWO YEAR LOAN OF US\$2 MILLION, TO BE OPERATED THROUGH THE GUYANA MANUFACTURERS ASSOCIATION (GMA) FOR PROMOTION OF EXPORTS OF SOME 40 GUYANESE COMPANIES. DETAILS HAVE YET TO BE RELEASED, AND THE GMA IS REPORTEDLY WAITING AS LONG AS POSSIBLE TO IMPLEMENT THE LOAN AGREEMENT IN APPARENT HOPE THAT THE COUNTRY WILL OBTAIN A MASSIVE SOFT-LOAN WITH MORE FAVORABLE TERMS.

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4. FONMIN WILLS CONFIRMED TO CHARGE THAT MANN STOPPED OFF IN PORT OF SPAIN ENROUTE TO WASHINGTON TO MAKE LOW-KEY, INFORMAL APPROACH ON STATUS OF EARLIER GOG REQUEST FOR BALANCE OF PAYMENTS SUPPORT. THIS HE DID, ACCORDING TO WILLS, THROUGH A RELATIVE OF HIS, WHO IS A MEMBER OF THAT CABINET. WILLS HAS CONFIRMED THAT THE LIBYANS HAVE NOT YET TRANSFERRED THE US\$5 MILLION WHICH ACCORDING TO THE AGREEMENT HE SIGNED JUNE 16 WAS TO HAVE BEEN ACCOMPLISHED "IMMEDIATELY."

5. COMMENT: PRIVATE COMMENTARY, FROM OFFICIAL AND NON-OFFICIAL SOURCES, INDICATE THAT THE ECONOMY IS GRINDING TO A HALT, BUT PUBLICLY THE GOVERNMENT EXPRESSES OPTIMISM. THE LIBYAN LOAN AND THE US \$2 MILLION BANK LOAN APPEAR TO BE PALLIATIVES, RATHER THAN SOLUTIONS. POSSIBLY, IF THE GOG COULD OBTAIN OTHER SIMILAR ASSISTANCE, IT COULD STRUGGLE THROUGH THE YEAR BY CUTTING BACK EVEN MORE THAN IT HAS TO DATE ON EXPENDITURES FOR PROJECTS AND EMPLOYMENT.

6. RELEASE OF APPROACH TO GOTT TO PRESS IS INTERPRETED BY GUYANESE AS CALCULATED EMBARRASSMENT ON PART

OF GOTT. MATTER POINTS UP RIVALRY BETWEEN PMS'  
WILLIAMS AND BURNHAM, WITH THE LATTER'S SENSITIVITY  
OVER HIS COUNTRY'S PREDICAMENT FURTHER EXACERBATED  
BY THIS PUBLICITY. AS THE OPPOSITION IS EXPLOITING  
THIS THEME, THE GOG WILL PROBABLY ADDRESS THE MATTER  
PUBLICLY.  
BLACKEN

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## Message Attributes

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**Subject:** GUYANA'S CONTINUING QUEST FOR AID SUMMARY: OPPOSITION NEWSPAPER HERE HAS HEADLINED REPORT FROM TRINIDAD AND TOBAGO OF GUYANA'S REQUESTS  
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